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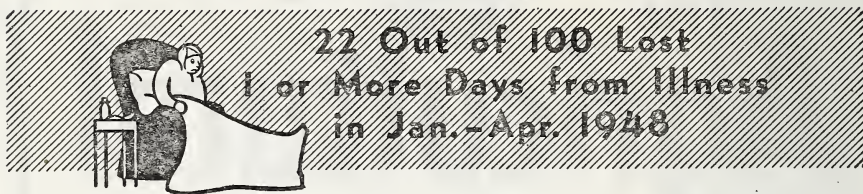
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[The AGRICULTURAL SITUATION is sent free to crop and price reporters in connection with their reporting work]

Editor: Wayne Dexter

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DAYS LOST FROM WORK BY FARM OPERATORS FROM ILLNESS

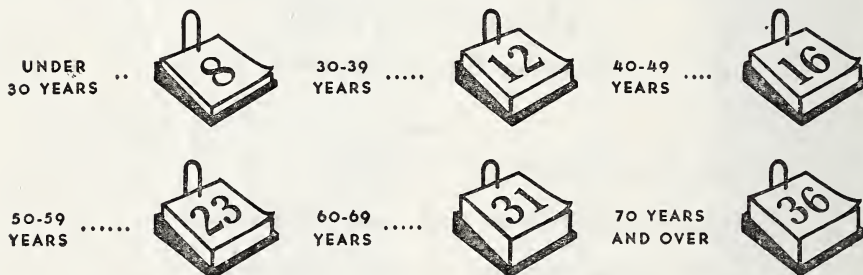


AVERAGE DAYS LOST



Older Operators Who Were Ill Lost More Time than Younger Operators

AVERAGE DAYS LOST BY AGE



Operators of Small Farms Who Were Ill Lost More Time than Operators of Larger Farms

AVERAGE DAYS LOST BY SIZE OF FARM



FIGURES BASED ON INTERVIEWS
MADE BY BAE WITH ABOUT
12,000 FARMERS IN MAY 1948



BAE 47292-K

Housing Act Aids Farmers

Who Lack Cash or Credit

LOANS to help farmers build or repair houses and other farm buildings and grants to assist them in correcting housing defects dangerous to health or safety are provided by the Housing Act of 1949 which was signed by the President in July.

The new law provides for a general attack on farm and city housing problems designed to realize "as soon as feasible the goal of a decent home and suitable living environment for every American family." Chief provisions of the act affecting city people, are those authorizing loans and subsidies to local authorities for slum clearance and for 810,000 new dwelling units for low income families.

The rural programs authorized by the act will not become effective until appropriations have been made by Congress. For the 4 years in which the farm programs will be in operation, the legislation authorizes a total of \$275,000,000 for loans and grants. For the first year, \$25,000,000 is authorized for loans.

If the appropriations are as large as the amounts authorized, the Farmers Home Administration estimates that 13,000 farmers will receive aid during the first year and a total of 135,000 in the 4 years.

To Study Housing

For both farmers and city people, the new law authorizes funds for research for improving housing designs and lowering costs. This includes studies designed to improve the efficiency of farm buildings as well as houses. Some work along this line is under way in the Department of Agriculture and the State Experiment Stations.

The Secretary of Agriculture also is authorized to furnish farmers building plans, construction supervision and inspection and information on farm dwellings and other buildings. This is an expansion of the limited program now operated through the Extension Service. These services can be provided with or without charge.

To be eligible for loans under the new act, a farmer must lack the cash to finance it himself, or be unable to obtain credit on terms he could be reasonably expected to fulfill. For purposes of the act, "farms" are defined as "parcels of land operated as a single unit which customarily produce or are capable of producing at least \$400 annually at 1944 prices." In addition to the United States, farmers in Alaska, Hawaii, Puerto Rico, and the Virgin Islands will benefit from the act.

Only Owners Eligible

Only farm owners are eligible. However, owners can obtain loans to improve housing for their tenants, lessees, sharecroppers and laborers.

If a farmer applying for a loan is expected to have sufficient income from the farm and other sources to pay it off, the loan may be made for the cost of the improvement. In many cases, security for the loan will be a second mortgage.

Farmers whose income is expected to be insufficient to make interest and principal payments the first few years also are eligible for assistance. To obtain loans, these farmers must agree to change their farming operations or make other improvements to increase their income to the extent that they can pay off the loan.

These changes and improvements must be made within 5 years. If in this period the borrower has carried out the changes he has agreed to and his income is still insufficient to make scheduled payments, half the principal and all of the interest may be written off by the government.

If inability to pay off a loan is due to the small size of a farm, loans may be made for the purchase of additional land, or improvements of existing tracts.

The act also provides aid for farmers unable to qualify for farm construction or repair loans. On farms on which housing is exceptionally bad and the

farmer has no reasonable prospect of having sufficient income to repay a loan, grants up to \$500 may be made by the Secretary of Agriculture. These grants may be made for repairing roofs or supplying screens, toilet facilities or a sanitary water supply. In some cases a grant or loan may be combined to an amount of not more than \$1,000.

The total amount authorized for farm land enlargement and development and grants is \$25,000,000. For the first year, \$2,000,000 is authorized.

Moratorium May Be Granted

Loans are limited to a period of not more than 33 years and the interest rate is not to exceed 4 percent. When circumstances prevent a farmer from making scheduled payments, a moratorium on payment of interest and principal may be granted. In cases of extreme hardship, interest may be cancelled while the moratorium is in effect.

No limit on the amount a farmer may borrow for housing or other buildings is set by the Housing Act. However, the Farmers Home Administration estimates that loans will average about \$2,200. The majority of them are expected to be for remodeling rather than new construction. Most of the loans will be made to farmers whose income from agriculture and other sources is large enough to enable them to pay off the loan and interest without further assistance from the government.

Secretary of Agriculture Charles F. Brannan has announced that no new agencies will be set up to administer the rural programs under the Housing Act.

The Farmers Home Administration will handle all applications for loans or grants. Farmers wanting to apply should do so through the county offices of the FHA. Committees made up of local farmers will certify as to the eligibility of the applicants and the reasonable value of the farm. Preference will be given to veterans and to families of deceased servicemen.

Surveys of housing needs in rural areas will be conducted by the Bureau of Agricultural Economics. Research on materials, construction methods and

the design of farm houses and other buildings will be carried out by the Agricultural Research Administration. The Agricultural Extension Service will make the results of surveys and research available to all farmers.

Assistance given farmers under the Housing Act for "decent, safe and sanitary farm dwellings" will help meet a long-felt need in rural areas. Recent figures on the number of farm houses failing to meet this standard are not available but evidence indicates that the number is large.

According to the 1940 Census, 2½ to 3 million farm houses fell below this standard. The Census showed that 16 percent of farm houses were overcrowded, 68 percent lacked electric lighting, 72 percent running water, 89 percent a private flush toilet and 88 percent a private bath.

The housing situation in cities, on the other hand, was vastly different. Only 6 percent of the urban homes were overcrowded. Only 4 percent lacked electric lighting, 6 percent running water, 17 percent a private flush toilet and 22 percent a private bath.

Many Still Lack Facilities

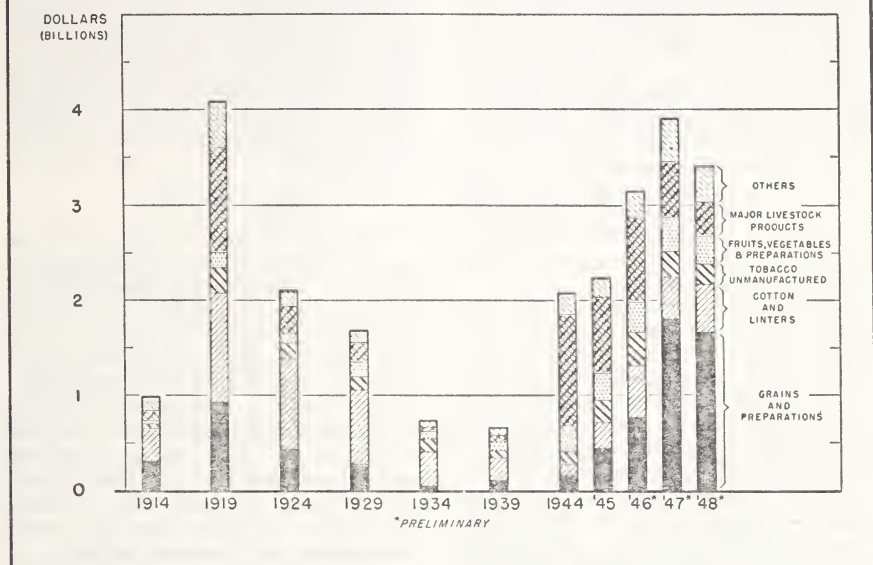
In the 9 years since the Census was taken, there has been a good deal of improvement in the housing on many farms. Surveys made by BAE in 1947 indicated that new houses were being built on 240,000 of our 6 million farms. Nearly a fourth of the farmers interviewed were doing some building or repair work on their dwellings. Nevertheless, more than two-thirds of the farm houses still lacked running water, four-fifths a bath and flush toilet, two-fifths lacked electric lights and a tenth were overcrowded.

Improvements in farm housing probably have occurred only to a limited extent on farms eligible for assistance under the new Housing Act. Relatively low incomes of a large number of farmers plus the material, labor and equipment shortages and the high costs of construction have prevented much building or repair work on the part of those unable to obtain private financing.

John C. Ellickson
Bureau of Agricultural Economics

VALUE AND COMPOSITION OF UNITED STATES AGRICULTURAL EXPORTS FOR SELECTED YEARS

SHIPMENTS FOR ARMY CIVILIAN FEEDING NOT INCLUDED BEFORE JANUARY 1, 1947



U. S. DEPARTMENT OF AGRICULTURE

NEG 1118

OFFICE OF FOREIGN AGRICULTURAL RELATIONS

The Farmer and the Export Problem

THE difficulty Great Britain and many other foreign Nations are having in finding dollars to pay for commodities they want to buy from us is one of our toughest economic problems right now. But the problem is not a new one. It has been causing trouble since the first World War ended and it is likely to continue to trouble us for some time to come.

Drain Dollar Reserves

In the four years since Germany and Japan surrendered, we have shipped tremendous quantities of agricultural and industrial commodities abroad. Although foreign countries have drained their reserves of gold and other dollar assets to low levels and have increased their exports to the United States, they still have been far short of

being able to pay for everything they have wanted to buy.

Last year, for example, the total value of the goods we exported was 12.5 billion dollars. Our imports of goods, though the highest on record, totaled about 7 billion dollars, leaving a gap of about 5½ billion.

Trade Drop in Prospect

Part of the gap last year, and in other postwar years, was filled by foreign countries using up their dollar reserves. But most of it was filled by United States Government aid such as the European Recovery Program and our military feeding programs in Germany and Japan. When these financing programs end, many foreign countries are likely to have even greater difficulty in paying for our exports.

Unless the dollar situation is improved in the next few years our international trade is likely to decline substantially. Furthermore, our agricultural exports probably will fall off more than our industrial exports. The severe food shortages abroad since the war ended have forced many foreign nations to place a priority on the buying of our farm products. As foreign farm production continues to recover, these nations will depend less on us for their food and fiber needs. In addition, they are likely to spend as many of their dollars as possible for our industrial goods that they cannot obtain from any other country.

The source of our international trade problem reaches far back into American history. The problem is tied closely with the amazing growth of our industrial plant, our world credit position, and our increasing economic self-sufficiency, both agricultural and industrial.

In George Washington's time, nearly all of the pottery, textiles, tools and other industrial goods we used came from Europe. We paid for these goods by exports of wheat, tobacco, and other farm products.

Farm Share Declines

During the 1800's we built up our factories and railroads with the aid of money borrowed from European capitalists. We continued to be a heavy exporter of agricultural commodities, but we also began to sell industrial goods in foreign markets. By 1890, the importance of farm products in our total export trade began to decline. Although the average quantity of farm commodities shipped abroad did not shrink, their percentage of the total dropped.

By 1910, farm products made up about half of our total exports. Just before World War II, they had declined to less than one-fourth. Since the war ended, the value of our exports of farm products has been running near 30 percent of total exports, even though our agricultural shipments have been the largest since 1920.

There are two main reasons for the decline in the importance of our agricultural export trade. First, around the turn of the century, Argentina, Australia and Canada began producing

grain and livestock products for export. Often they were able to sell these products on the world market at lower prices than the United States.

Our rapid industrial expansion was the second reason for the decline in the importance of our agricultural export trade. Our industrial products were in great demand abroad. Many nations chose to spend their dollars for these products and buy agricultural commodities elsewhere.

Owed Big Debt

In most years before 1900, as well as since, we exported more goods than we imported. But the problem of dollar balances did not seriously affect our international trade until after the First World War. This resulted chiefly from the fact that we still owed European investors large sums on the debts we had contracted to build our factories and railroads. The excess of exports over imports went to pay the interest and principal on those debts. When World War I began, we still owed Europe about half a billion dollars.

Our position reversed during the war and when the Armistice was declared European nations owed us half a billion dollars. Since then we seem to have been in foreign-trade trouble. We continued to export more than we imported, but we no longer could apply the excess exports against a debt. Since foreign nations were buying more from us than they sold to us, they soon ran out of dollars.

Trade Barriers Increase

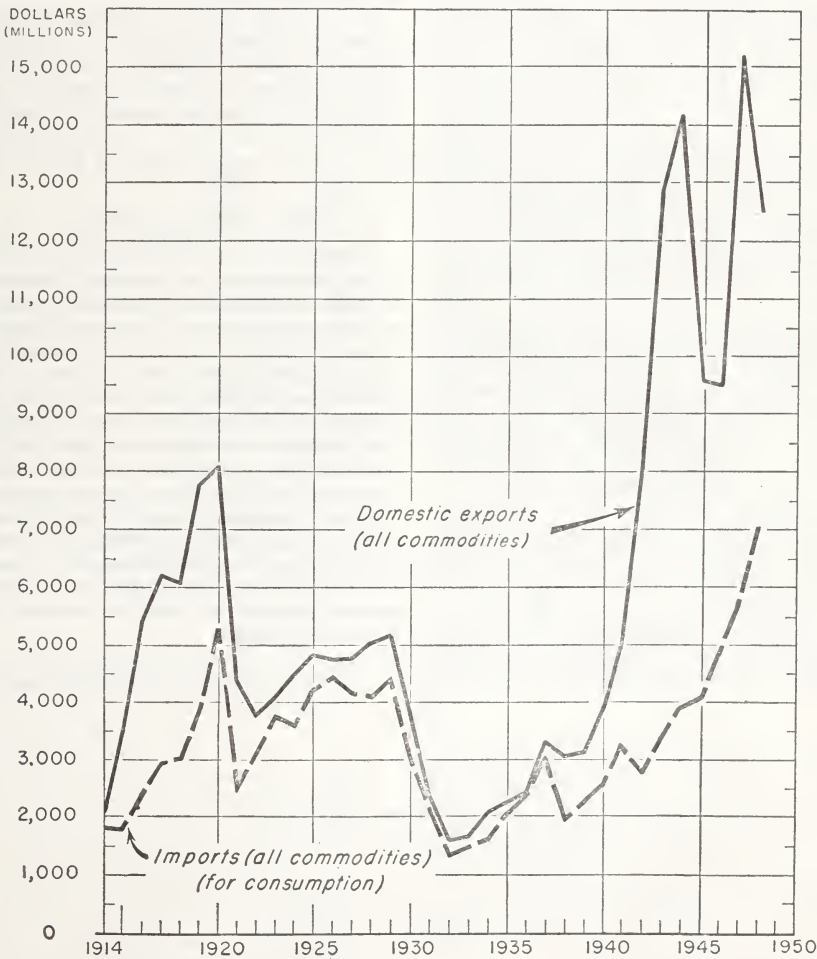
During the 1920's, loans to Europe for rehabilitation and industrial development helped keep both agricultural and industrial exports at a fairly high level. Then the depression came and we stopped making loans. Foreign nations found it necessary to cut down on imports from the United States to conserve their dollars. They applied import restrictions, increased domestic food production even though food could be shipped in at less cost, subsidized exports, devalued currencies, increased tariffs and put many other trade restrictions into effect. The trend toward restricting foreign trade continued until World War II began.

During the war, the tremendous purchases of American goods and services rapidly depleted the dollar supplies of many European and Asiatic countries. However, the reverse was true for Latin American nations. These countries sold the United States large quantities of war materials. At the same time, restrictions on exports by the United States limited their purchases from us. When the war ended most of them had

large dollar balances. After the United States lifted export restrictions, however, Latin American nations immediately began buying large quantities of industrial products from this country. As a result, most of them have used up large portions of their dollar reserves.

The increasing degree of economic self-sufficiency of the United States has also contributed to the difficulties of

VALUE OF UNITED STATES EXPORTS
AND IMPORTS, 1914-48



foreign nations in earning dollars with which to buy our products. Most of the industrial products formerly imported are now supplied by domestic manufacturers. Increasing production of many farm products also has resulted in our taking less from abroad. In addition, we now supply more of the services we formerly paid other countries to perform. For example, a much larger proportion of the world's shipping is now carried in United States vessels than before the war.

Dollar Shortage General

Few nations now have enough dollars to be able to use them without restriction in this country. It is not surprising that many of them limit their purchases of United States goods to the industrial commodities they need to rebuild their countries and improve their standards of living—commodities that in many cases can be obtained in no other country. At the same time, they are looking to some other area for their agricultural imports, or are subsidizing their own farmers in an attempt to become self-sufficient in food.

The preference foreign governments are giving to industrial goods in the purchases they make in this country works to the disadvantage of agriculture. This disadvantage may become even more marked when our foreign aid programs end and agricultural production abroad further recovers. We know they want and need our farm products. The problem is finding ways to help foreign countries earn more dollars to pay for them.

The most important method of getting dollars into the hands of foreign buyers is to increase United States im-

ports. An important step in this direction is the Reciprocal Trade Agreements program which has been in effect since 1934. Encouraging United States citizens to travel abroad and use more foreign services also would assist in building up dollar purchasing power of other nations.

The European Recovery Program is another important step in developing our export markets. By helping these nations to restore industrial production and increase their exports to the United States it should permit them to take sizable quantities of our farm products in the years ahead.

Even if the dollar situation should improve, it is probable that in the long run we cannot maintain our exports at current levels. We must expect some decline in agricultural exports as farming abroad recovers. Our industrial exports also may decline as European industry is restored.

Need a Foreign Market

Farmers have a direct financial interest in keeping agricultural exports as high as possible. In recent years, we have increased our farm production to the point where we can feed a larger domestic population better than before the war and at the same time ship large quantities of food and fiber abroad. Our increase in production came at a time when supplies of tractors, machinery, and fertilizers were scarce. But the "growing pains" encountered during recent years probably were less painful than the "reducing pains" that will come from cutting down our farm output because of smaller takings by foreign countries.

Fred J. Rossiter
Office of Foreign Agricultural Relations

Big Baby Crop, Low Death Rate

Boost Farm Population

A HIGH birth rate coupled with a low death rate resulted in an increase of 336,000 persons in the farm population in 1948, and at the beginning of this year, 27,776,000 persons were living on United States farms.

The 1.2 percent increase in the farm population during 1948 was slightly below the 1.7 percent gain for the total United States population. At the beginning of 1949, 19 out of 100 Americans lived on farms, about the same proportion as in other recent years but less than before the war when 23 out of 100 were on farms.

Baby Crop Large

The 1948 crop of babies exceeded deaths to farm people by nearly half a million. The excess was a fourth larger than the average for 1930-39 even though 11 percent fewer persons lived on farms. The birth rate last year was only slightly under the record of 1947 when the rate reached a peak following the demobilization of men from the armed services. The average life span of farm people has lengthened considerably and the death rate continues significantly lower than before the war.

Many people moved to and from farms during 1948, even though the net change in farm population due to migration was small. About 1,301,000 left the farm to live in cities and towns while about 1,178,000 persons moved to farms. Only 79,000 farmers entered the armed forces last year while 59,000 of those who left the services became farm residents.

Movement away from farms exceeded migration to farms by 143,000. Since 1920, more people have moved from farms than to farms in every year except the depression year of 1932 and after the war in 1945 and 1946.

Not all of the people moving to and from farms last year made permanent changes. Exact figures are not available but it is possible that roughly half the moves were seasonal. Many farm-

labor and farm-operator families regularly spend some of the midwinter months in towns or cities and return to farms in the spring. In addition, estimates indicate that around a quarter million youths and single men move to farms in the summer but leave in the winter.

Many moves made by farm people last year did not affect the size of the farm population. About 2 million farmers moved from one farm to another. The great majority of them did not cross State lines.

Considerable swings, both up and down, have occurred in the farm population during this decade. From 1940 to 1945 when many farm residents left the farm to enter the armed forces or to take jobs in war industries, the number of farm residents fell off 16.8 percent.

After the war ended the farm population flow reversed and at the beginning of this year, about a tenth more people were living on farms than in 1945. Every region except the Mountain States showed an increase.

New England Gains

Compared with January 1, 1940, the farm population at the beginning of this year was down 8.2 percent. The New England States contrasted sharply with the over-all trend, the farm population gaining 22½ percent. The Pacific States also showed a gain with the number of farm residents up 5½ percent.

The gain in New England occurred during the period of demobilization from the armed forces. Much of it was due to the housing shortage in cities that caused persons with urban jobs to seek residences on farms, though continuing to hold nonfarm jobs. The gain in the Pacific States since 1940, actually reflects an expansion in agriculture.

Margaret Jarman Hagood
Bureau of Agricultural Economics

The American Hop Industry

THE GOOD ship *Mayflower* put in at Plymouth, Mass., in 1620. With it, almost, came the hop industry.

The hop plant was introduced into British North America in 1629. It was cultivated in New Netherlands as early as 1646 and in Virginia before 1648. About 200 years later, hops were being grown on the West Coast.

Although hops have been grown in 32 States, commercial culture is now confined to California, Idaho, New York, Oregon, and Washington. Both here and abroad, hop production always has been highly localized, largely because of the crop's soil and climatic requirements. Today, the industry is concentrated in the United States, the United Kingdom, and the countries of North Central Europe.

A Perennial Vine

Hops of commerce are the dried female flowers, or cones, of a perennial climbing vine. They reach market pressed into burlap-covered bales weighing approximately 200 pounds each. Last year, American brewers used 41,037,000 pounds of hops in the manufacture of beer and ale.

The female flowers are an essential ingredient in the manufacture of fermented malt beverages. The soluble resins and volatile oils which they contain impart the characteristic flavor and aroma to the finished products. Substances derived from these resins are now being studied in the treatment of human tuberculosis.

The seeds in hops increase the weight but not brewing quality and the trade usually pays a premium in the direction of seedlessness. Leaves and stems are undesirable and the price usually declines as the percentage of leaf and stem content of hops increase. A Federal-State inspection service determines the percentage of seed, leaf, and stem content of practically every bale of hops offered for sale.

There is considerable variation in site, soil, climatic conditions and cul-

tural practices in the States in which hops are grown. In coastal sections of California, Washington and Oregon, irrigation is the exception rather than the rule. The use of overhead rotary sprinkler irrigation systems, however, is increasing, particularly in Oregon. In inland areas, irrigation is essential.

Hand Planted

Care in the selection of hop yard sites is important. Good, deep, well drained soil is preferred. The land must be leveled before planting if it is to be irrigated by other methods than by overhead sprinkler. Poles placed at regular intervals support a heavy wire framework or trellis. The hop "roots" or cuttings are planted by hand, commonly in rows eight feet apart to permit cross cultivation. Wooden pegs are driven at each hill. Twine is tied to the overhead trellis wires and fastened to each peg. The trellis height, number of strings per hill, number of vines per string and number of hills per acre vary.

In Oregon which is probably typical, more than 60 percent of the individual hop yards are 25 acres or less. The average investment per acre, excluding land, is estimated at \$526. In western Oregon in 1948, costs of production averaged an estimated 55½ cents. Prices received by growers averaged 63 cents and production averaged 796 pounds per acre.

Mechanization Increasing

Mechanization of the hop industry has been going on in recent years. Tractors have largely replaced horses for plowing, fertilizer distribution and cultivation. Even the annual grubbing or hoeing and pruning of crowns of well-established plants, usually a hand operation, can now be done by machine. Insecticides and fungicides, both dust and liquid, are applied by hand or power-driven ground sprayers or dusters, by aerosol generators, by airplanes, or other machines.

Although harvesting still is a laborious hand operation in many yards, both portable and stationary picking machines are rapidly supplanting hand picking. The old-time "by guess and by gosh" drying process is being replaced by scientifically designed kilns which are practically automatic. Handling is being minimized by the use of conveyor belts. In some yards electric motor driven balers are being used although the horse-operated capstan-like device still is common.

Mechanization has tended to lower unit harvesting costs and to make it easier to standardize the quality of the product. However, these investments increase the fixed overhead of operators. This may tend to increase production in some years. In the past when prices were unfavorable, some growers let their yards lie idle for the season, or did not harvest their crop. Growers who have a large capital investment may tend to harvest their crop each year, regardless of the price situation.

Problems Lie Ahead

The outlook indicates several problems for hop producers. One of the most serious is the prospect that the annual supply of hops is likely to exceed demand by several million pounds and that hop prices are likely to be unsatisfactory to growers.

Production of hops has trended upward since the early 1920's although it has varied considerably from year to year. From 1943 to 1945 when prices were relatively high, output increased a fourth and since has declined only slightly.

The increase in domestic use of hops has not kept pace with the rise in output. Since the mid-1930's, the amount of hops used per barrel of beer manufactured declined from 0.702 pound in 1935 to 0.455 in 1948. As a result, consumption of hops in 1948 was only about a third higher than in 1935, even though beer output had more than doubled. Even if beer production reaches its most probable upper limit,

it probably would take considerably fewer hops than were raised in 1948.

Export Outlook Uncertain

The outlook for the hop export market is uncertain. In most years since the mid-thirties, the United States has exported more hops than were imported. During the war when imports from central European countries were shut off, our imports fell to very low levels while our exports increased. Because of the slowness of recovery in Europe, the excess of exports over imports since the war ended has been larger than had been expected. In the long run exports and imports will depend largely on foreign trade policies developed by the various countries.

Disease is another problem of the hop industry. Damage from downy mildew, red spider mites and the hop aphids is causing concern to both growers and dealers. Combatting these pests has raised production costs considerably, particularly in the Willamette Valley of Oregon. In 1947, for example, the operator of one 343-acre yard with an average yield of 1,428 pounds per acre was reported to have spent \$20,738 to purchase and apply dusting materials. Some other areas in Oregon and adjoining States have less trouble with diseases and pests.

Better Grading Needed

American hops must be properly graded if they are to compete successfully with foreign-grown products. Chief physical quality requirements are that hops be free from leaves, stems and seeds, free from disease, relatively unshattered, and properly dried. Use of physical grading standards, such as those developed in research at Oregon State College, has helped eliminate some of the apparently unaccountable fluctuations in prices. The inclusion of chemical analyses in the development of grading standards would be highly desirable.

G. R. Hoerner
*Extension Service
Oregon State College*

GAS *beyond the city main*

BYOND the limits of cities and towns, it is a rare home that gets gas from a pipe line. Nevertheless, hundreds of thousands of United States farmers are using gas for cooking, heating, refrigeration and other purposes. These appliances are being fueled with liquefied petroleum gases that are delivered to farms in steel cylinders or in tank trucks.

The number of farms using liquefied petroleum gases—usually called LP-gas—only can be roughly estimated. Surveys made by the trade in 1946 showed LP-gas was being used in about 3½ million homes throughout the nation. Thirty-six to 42 percent of the users, according to reports, were farmers. This year a field survey by BAE in which dealers and distributors were contacted in most States in the eastern half of the country indicated the number of farm users has increased appreciably since 1946. Today, it is likely that around a fourth of our farmers are using liquefied petroleum gases in one or more ways.

Consumption Up Tenfold

A rapid increase in the use of LP-gas in households also is indicated by reports of the United States Bureau of Mines. These estimates show that the quantity used in United States homes in 1948, was about ten times the 140 million gallons reported in 1940. However, the number of users has probably not risen as much as has the quantity consumed since consumption per user has increased considerably.

Liquefied petroleum gases, are largely butane, propane or a mixture of the two. They are derived from either natural gas or oil refinery gases. Farmers who obtain these gases from tank trucks have storage tanks usually ranging from 100 to 1,000 gallons in size. Those who buy it in cylinders generally have two cylinders connected in such a way that when one becomes empty the other supplies gas. The empty cylinder

is replaced by the local dealer who usually takes it to a central plant for refilling. Most cylinders hold about 23½ gallons or 100 pounds.

LP-gas is under pressure while in storage tanks or cylinders which keeps it in liquid form. When the valve to the stove or other appliance is opened, pressure is lowered and the liquid immediately gasifies.

"Boiling Points"

LP-gas also turns to liquid when the temperature falls below its "boiling point." The boiling point for butane is 33° above zero Fahrenheit. For this reason, on most farms where butane is used the tanks in which it is stored are placed underground where the temperature remains above 33° throughout the year. As a liquid, of course, it cannot be used as fuel for gas appliances. The boiling point for propane, on the other hand, is 44° below zero. It can be stored either above or below ground in most areas of the country. Consequently, it is more widely used in northern areas.

The amount of LP-gas used per farm per year varies widely in different areas of the country. In the northern areas, where most of the gas is bought in cylinders and is mainly used for cooking, reports from dealers and distributors show an average of 90 to 125 gallons per farm user. In the Central and Southern Great Plains and in the Southwest where LP-gas is extensively used for heating homes, average consumption per farm user in some areas ranges from 500 to 1,000 gallons.

In areas close to the source of supply, prices are much lower and consumption per user higher than in other areas. The great majority obtain their supplies from tank trucks and own storage tanks.

In the Southwest, some bulk users are now paying less than 10 cents per gallon for LP-gas. In more northern areas where farmers buy in replaceable

cylinders prices usually range from 30 to 50 cents per gallon.

In the areas where LP-gas is sold in bulk at relatively low prices, use of these gases for heating farm homes is increasing rapidly. In many areas of the Central Plains, and in the Southern areas from the Mississippi Delta to the West coast, dealers and distributors report that many farm homes are now heated with LP-gas.

Most of the farm consumers in all parts of the country use it for cooking. In many States, reports indicate that it is more extensively used for this purpose than is electricity. However, many farmers have kept their coal or wood cook stoves, either for extra heat in the winter or as a safety measure in case bad roads prevent gas deliveries. In most northern areas, a combination stove is often sold which uses wood or coal in addition to gas or electricity. LP-gas is also used in the farm home to heat water and to operate gas refrigerators.

In farm homes, where LP-gas is used for cooking only, around 90 gallons will be consumed in a year. Cooking, heating water, and operating a gas refrigerator in an average farm home will require around 300 gallons a year.

LP-gas also is used for heating water on dairy farms, for gas brooders, for flame weeders, for dehydrating purposes and, to some extent, for curing tobacco in the Southeast. It is also used as a fuel for internal combustion engines, particularly stationary engines for which it is at least as satisfactory and often cheaper than other petroleum fuels. This seems to be fairly important in the irrigation areas which depend on deep wells for water. Some farm tractors now use LP-gas and tractors built especially for this fuel are now being produced.

Taking all uses into consideration farmers probably will use more than 600 million gallons of LP-gas in 1949. Total farm consumption of all liquid petroleum fuels in 1949 will likely approximate 8 billion gallons. Most of it will be used for tractors, farm automobiles, and farm motortrucks.

Albert P. Brodell

Bureau of Agricultural Economics

Outlook Highlights

. . . AUGUST 1949

Lower Farm Prices Likely

Declines in economic activity and the large crops in prospect probably means a lower level of farm prices during the next few months.

Price trends from June to July were mixed. Prices received by farmers dropped slightly and in mid-July averaged 17 percent below a year earlier. Cattle, wheat, potatoes and apples made the largest drops from the preceding month. Averages for feed grain, hay, dairy products, hogs, eggs, turkeys and truck crops rose.

Prices paid by farmers also declined slightly. Prices paid by urban consumers were up slightly. Wholesale prices weakened in June and early July and then strengthened.

Midyear Crop Outlook Bright

Midsummer found the crop outlook not quite as bright as last year; but otherwise over-all prospects were the best in our history. Farmers had the largest acreage in production since 1933. July 1 conditions indicated that all-crop production for the 1949 season would be 31 percent above the 1923-32 average.

Feed grains were the heaviest contributor to the crop outlook. A corn crop of 3.5 billion bushels is in the making. The oats harvest may be 1.4 billion bushels. The barley crop is relatively small and we probably will produce less sorghum grains than last year. With large carry-overs in prospect, feed grain supplies per animal unit will be among the largest on record.

Unfavorable developments around harvest time dropped the July 1 wheat estimate 148 million bushels below the June 1 indication. But at 1,189 million bushels, the crop still will be the third largest on record. Rye production is expected to be below 20 million bushels and the buckwheat acreage is small. The rice crop, however, is expected to set a record of 86 million bushels.

Prices of Farm Products

[Estimates of average prices received by farmers at local farm markets based on reports to the Bureau of Agricultural Economics. Average of reports covering the United States weighted according to relative importance of district and State]

Commodity	5-year average		July 15, 1948	June 15, 1949	July 15, 1949	Parity price July 15, 1949
	August 1909-July 1914	January 1935- December 1939				
Wheat (bushel).....dollars..	0.884	0.837	2.63	1.86	1.82	2.16
Rye (bushel).....do.....	.720	.554	1.72	1.13	1.20	1.76
Rice (bushel).....do.....	.813	.742	13.11	2.20	2.14	1.98
Corn (bushel).....do.....	.642	.691	2.02	1.21	1.25	1.57
Oats (bushel).....do.....	.399	.340	1.866	.661	.583	.974
Barley (bushel).....do.....	.619	.533	1.42	.928	.957	1.51
Sorghum grain (100 pounds).....do.....	1.21	1.17	2.50	2.04	1.95	2.95
Hay baled (ton).....do.....	2	11.20	22.80	20.90	20.40	---
Cotton (pound).....cents.....	12.4	10.34	32.99	30.13	30.68	30.26
Cottonseed (ton).....dollars..	22.55	27.52	³ 96.00	² 46.70	³ 37.56	55.00
Soybeans (bushel).....do.....	⁴ 96	.951	3.66	2.10	2.27	⁵ 2.34
Peanuts (pound).....cents.....	4.8	3.55	10.4	10.4	10.4	11.7
Flaxseed (bushel).....dollars..	1.69	1.69	5.83	3.42	3.59	4.12
Potatoes (bushel).....do.....	⁶ 697	.717	11.64	1.75	1.55	1.79
Sweetpotatoes (bushel).....do.....	.878	.807	2.62	2.64	2.83	2.14
Apples (bushel).....do.....	.66	.90	2.13	3.02	2.32	2.34
Oranges on tree (box).....do.....	⁷ 2.29	1.11	1.26	2.69	1.93	3.66
Hogs (hundredweight).....do.....	7.27	8.38	25.29	18.80	19.30	17.70
Beef cattle (hundredweight).....do.....	5.42	6.56	25.20	20.90	20.00	13.20
Veal calves (hundredweight).....do.....	6.75	7.80	26.40	23.40	22.40	16.50
Lambs (hundredweight).....do.....	5.88	7.79	26.10	24.40	22.80	14.30
Butterfat (pound).....cents.....	26.3	29.1	84.4	59.3	58.9	64.2
Milk, wholesale (100 pounds).....dollars..	1.00	1.81	14.89	3.59	⁸ 3.72	3.99
Chickens (pound).....cents.....	11.4	14.9	31.9	26.1	24.3	27.8
Eggs (dozen).....do.....	21.5	21.7	45.8	44.1	45.3	52.5
Wool (pound).....do.....	18.3	23.8	50.2	49.4	47.3	44.7

¹ Revised.

² Prices not available during base period.

³ Relatively insignificant quantities sold for crushing.

⁴ Comparable base price, August 1909-July 1914.

⁵ Comparable price computed under the Steagall amendment.

⁶ 1910-28 average of \$1.12 per bushel used in computing parity.

⁷ 1919-28 average for computing parity price.

⁸ Preliminary.

Cotton acreage is a seventh larger than last year and development by July 1 was advanced for the date. The third largest flaxseed crop on record is indicated. Soybean and peanut acreage is below last year. Tobacco production will be up a little from 1948.

The potato crop is below average and well below last year. Sweetpotato output will be up from 1943 but still below average. Prospects for most deciduous fruits, are better than last year and average. Citrus, especially grapefruit and lemons, is down from a year ago. Hay production will be slightly less than last season.

This is the way it looked for major crops as the second half of 1949 began. However, there is plenty of time for prospects to change for the better or

the worse. These estimates are based on condition of the crops as of July 1 with the assumption that weather will be at least average for the remainder of the season. A bad spell still could reduce over-all prospects considerably.

Hybrid Acreage Up Again

The proportion of our corn acreage planted with hybrid seed has climbed steadily every year since 1933. This year was no exception. Of the 67 million acres in corn this year, 73 percent was planted to hybrid seed. The percentage last year was 75.

Margarine Consumption a Record

Margarine output hit a peak of 909 million pounds in 1948, 163 million pounds more than the former record of

(Continued on page 16)

Economic Trends Affecting Agriculture

Year and month	Industrial production (1935-39=100) ¹	Total income of industrial workers (1935-39=100) ²	1910-14=100					Index of prices received by farmers (August 1909-July 1914=100)			
			Average earnings of factory workers per worker	Wholesale prices of all commodities ³	Prices paid by farmers		Farm wage rates ⁴	Livestock and products			
					Com-modities	Com-modities, interest, and taxes		Dairy products	Poul-try and eggs	Meat ani-mals	All live-stock
1910-14 average	58	50	100	100	100	100	100	100	101	101	101
1915-19 average	72	90	152	158	151	150	148	148	154	163	158
1920-24 average	75	122	221	160	161	173	178	159	163	123	142
1925-29 average	98	129	232	143	155	168	179	160	155	148	154
1930-34 average	74	75	179	107	122	135	115	105	94	85	93
1935-39 average	100	100	199	118	125	128	118	119	109	119	117
1940-44 average	192	238	325	139	150	147	212	162	146	171	164
1945 average	203	291	403	154	180	172	350	197	196	210	203
1946 average	170	275	392	177	202	193	378	242	198	256	240
1947 average	187	332	440	222	246	231	408	269	221	340	293
1948 average	192	364	475	241	264	250	432	297	236	371	320
1948											
July	186	361	473	246	266	251	431	300	234	417	344
August	191	377	493	247	266	251	-----	305	247	411	344
September	192	380	484	246	265	250	-----	302	253	408	343
October	195	378	488	241	263	249	427	289	260	373	323
November	195	376	489	239	262	248	-----	284	272	351	313
December	192	374	493	237	262	248	-----	283	260	339	305
1949											
January	191	362	489	234	260	248	438	275	240	330	295
February	189	354	486	231	257	245	-----	264	218	315	280
March	184	346	481	231	258	246	-----	254	217	335	287
April	179	339	473	229	258	246	416	240	221	333	282
May	174	-----	476	227	257	245	-----	234	217	328	277
June	169	-----	-----	225	257	245	-----	230	213	331	277
July	-----	-----	-----	-----	256	244	425	236	214	324	275

Year and month	Index of prices received by farmers (August 1909-July 1914=100)								All crops and live-stock	Parity ratio ⁶
	Crops									
	Food grains	Feed grains and hay	To-bacco	Cotton	Oil-bearing crops	Fruit	Truck crops	All crops		
1910-14 average.....	100	101	102	96	98	99	-----	99	100	100
1915-19 average.....	193	164	187	168	187	125	-----	168	162	106
1920-24 average.....	147	126	192	189	149	148	7 143	160	151	86
1925-29 average.....	140	119	172	145	129	141	140	143	149	89
1930-34 average.....	70	76	119	74	72	94	106	86	90	66
1935-39 average.....	94	95	175	83	106	83	102	97	107	84
1940-44 average.....	123	119	245	131	159	133	172	143	154	103
1945 average.....	172	161	366	171	215	220	224	201	202	117
1946 average.....	201	195	382	228	244	226	204	226	233	121
1947 average.....	271	246	380	261	335	194	249	261	278	120
1948 average.....	250	249	387	259	326	157	238	250	287	115
1948										
July.....	240	256	370	266	366	172	213	253	301	120
August.....	227	235	386	245	310	183	172	236	293	117
September.....	223	223	406	250	282	185	150	231	290	116
October.....	226	192	418	251	270	174	176	227	277	111
November.....	234	181	412	246	283	157	186	224	271	109
December.....	236	184	415	239	283	104	209	228	268	108
1949										
January.....	232	187	412	236	274	180	282	238	268	108
February.....	221	173	412	235	244	181	285	233	258	105
March.....	224	178	411	232	242	189	263	222	261	106
April.....	227	178	410	241	238	207	236	235	260	106
May.....	227	174	411	242	231	215	213	234	256	104
June.....	212	168	412	243	219	211	175	225	252	103
July.....	207	171	412	243	205	194	185	220	249	102

¹ Federal Reserve Board represents output of mining and manufacturing; monthly data adjusted for seasonal variation.

² Computed from data furnished by Bureau of Labor Statistics and Interstate Commerce Commission on pay rolls in mining, manufacturing, and transportation; monthly data adjusted for seasonal variation. Revised August 1948.

³ Bureau of Labor Statistics.

⁴ Monthly data adjusted for seasonal variation.

⁵ Preliminary.

⁶ Ratio of prices received to prices paid for commodities, interest and taxes.

⁷ 1924 only.

(Continued from page 14)

1947. Consumption also reached a new high with disappearance into civilian trade channels amounting to 6.1 pounds per person. This is 3.4 pounds more than the 1937-41 average.

Ninety-eight percent of the fats and oils used in margarine were produced in the United States. Nearly all of it was cottonseed and soybean oil.

Margarine consumption this year probably will fall off from 1948. Butter production in the first half of 1949 was well above a year and prices were down substantially. However, lower prices for vegetable oils may partly offset the price reduction in butter.

Large Chicken Sales Ahead

Large marketings of chickens are in prospect for the next few months. Supplies of red meats and other competing foods also are expected to be large. Consequently, chicken prices are not likely to recover much from the declines of recent months.

Prospects for a near-record supply of turkey meat this fall and winter already have been reflected in lower prices. Sales in the New York wholesale market recently brought about a fourth less (dressed) than a year ago.

Building Breeding Herds

Cattle and sheep producers are showing more tendency to hold on to their breeding stock than in recent years.

A fifth fewer cows were reported slaughtered under Federal inspection in the first 5 months of 1949 than in the same period of 1948 and a fourth fewer than in 1947. This indicates that cattle breeding herds are being maintained and possibly increased.

Similar trends are occurring in the sheep industry. In the first 5 months of 1949, 32 percent fewer sheep were killed under Federal inspection; slaughter of lambs and yearlings was down 18 percent. This is evidence that the decline in the sheep population may be slowing down.

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